

November 15, 2010

The Honorable Jocelyn Boyd  
Chief Clerk and Administrator  
Public Service Commission of South Carolina  
P. O. Drawer 11649  
Columbia, SC 29211

Re: Quarterly Report of SCE&G Concerning Construction of V.C. Summer Nuclear Station  
Units 2 and 3

Dear Ms. Boyd:

Enclosed please find informational copies of South Carolina Electric & Gas Company's (the "Company" or "SCE&G") Quarterly Report (the "Report") for the period ending June 30, 2010, related to the construction of V.C. Summer Nuclear Station Units 2 and 3 (the "Units").

This Report is being filed with the South Carolina Office of Regulatory Staff ("ORS") pursuant to the Base Load Review Act, S.C. Code Ann. § 58-33-277 (Cum. Supp. 2007) and the provisions of Order No. 2009-104(A) of the Public Service Commission of South Carolina (the "Commission").

As you are aware, on August 9, 2010, the South Carolina Supreme Court (the "Court") issued its opinion in the matter of South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n, Op. No. 26856 (S.C. Sup. Ct. filed August 9, 2010) (Shearouse Adv. Sh. No. 31 at 117) (the "Opinion"). This case involved an appeal of Commission Order No. 2009-104(A) on the issue of whether the Base Load Review Act authorized the Commission to approve capital cost contingencies in the capital costs estimates for the Units. In that Opinion, the Court ruled that Contingency costs which had not been itemized or designated to specific cost categories were not permitted as part of approved capital cost schedules under the Base Load Review Act. In compliance with the Opinion, the Report and the financial analysis it presents reflect the removal of \$438,291,000 of contingencies from the capital cost projections for the project.

Because this Report contains certain commercially sensitive information, SCE&G is filing both redacted (Public) and unredacted (Confidential) versions of this Report with ORS. For your convenience, we are providing you with ten (10) copies of the Public version of this Report. SCE&G is also providing one (1) copy of the Confidential version of this Report and is hereby petitioning the Commission to enter a confidentiality order protecting the commercially sensitive information contained therein from disclosure, as set forth below.

The Confidential version of this Report contains confidential information related to the pricing and pricing terms of the Engineering, Procurement and Construction Agreement (the “EPC Contract”) between SCE&G and a consortium consisting of Westinghouse Electric Company, LLC and the Shaw Group (collectively, the “Contractor”). The EPC Contract contains confidentiality provisions that require SCE&G to protect proprietary information that the Contractor believes to constitute trade secrets and to be commercially sensitive. The Contractor has requested that SCE&G maintain the confidentiality of certain information contained in **Appendix 2, Chart A and Appendix 3**. This confidential information has been redacted from the Public Version of these appendices.

In keeping with the Contractor’s request and the terms of the EPC Contract, SCE&G respectfully requests that the Commission find that the Confidential version of the Report contains protected information and issue a protective order barring the disclosure of Appendices 2, 3 and 4A of the Report under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law, except in its public form. Pursuant to 26 S.C. Code Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission’s discretion. Such a ruling in this instance would be consistent with the Commission’s prior rulings in Docket No. 2008-196-E and Docket No. 2009-211-E finding, among other things, that the pricing and pricing terms of the EPC Contract are confidential and issue a protective order barring the disclosure of this information. *See* Commission Order Nos. 2008-467; 2008-696, as amended by Order No. 2008-739; 2009-888, and 2010-198 issued in Docket No. 2008-196-E; and Commission Order No. 2009-401 issued in Docket No. 2009-211-E.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, enclosed with this letter is as follows:

1. A true and correct copy of the Confidential version of the Report in a sealed envelope marked “CONFIDENTIAL.” The title page of the Confidential version of the Report is marked “CONFIDENTIAL VERSION” and each confidential page of the Confidential version of the Report is marked “CONFIDENTIAL EXHIBIT.”
2. Ten copies of a redacted Public version of the Report.

SCE&G respectfully requests, in the event that anyone should seek disclosure of the unredacted Confidential version of the Report, that the Commission notify SCE&G of such request and provide it and the Contractor with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Confidential version of this document from disclosure.

POPE ZEIGLER

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If you have any questions regarding these matters, please advise.

Sincerely,



Belton T. Zeigler

cc: C. Dukes Scott  
John Flitter  
Shannon Bowyer Hudson, Esquire  
K. Chad Burgess, Esquire